

AUDITORS' REPORT

To the Board of Directors of Absolut Bank:

- 1 We have audited the accompanying balance sheet of Absolut Bank (the "Bank") as at 31 December 2001, and the related statements of income, of cash flows and of changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2001 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

Moscow, Russia

5 April 2002

Absolut Bank**Balance Sheet as at 31 December 2001***(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 unless otherwise stated - Note 3)*

	Note	2001	2000
Assets			
Cash and cash equivalents	5	1 032 468	564 874
Mandatory cash balances with the Central Bank of the Russian Federation		98 179	63 367
Trading securities	6	209 461	239 883
Due from other banks	7	712 751	680 962
Loans and advances to customers	8	1 377 308	1 034 056
Investment securities available for sale	9	5 842	5 689
Accrued interest income and other assets	10	56 645	44 111
Fixed assets	11	23 380	20 811
Total assets		3 516 034	2 653 753
Liabilities			
Due to other banks	12	864 544	788 469
Customer accounts	13	1 135 401	870 751
Promissory notes		322 049	316 652
Other borrowed funds	14	210 980	-
Accrued interest expense and other liabilities	15	45 794	67 068
Deferred tax liability	22	33 761	14 072
Total liabilities		2 612 529	2 057 012
Shareholders' equity			
Share capital	16	983 419	881 339
Share premium	17	210 043	8 203
Accumulated deficit and other reserves	18	(289 957)	(292 801)
Total shareholders' equity		903 505	596 741
Total liabilities and shareholders' equity		3 516 034	2 653 753

Signed on behalf of the Board of Directors on 5 April 2002.

Kapitonov O.S.
President

Serditseva E.L.
Chief Accountant

Absolut Bank**Statement of Income for the Year Ended 31 December 2001***(in thousands of Russian Roubles expressed in terms of the purchasing power of the Russian Rouble at 31 December 2001 unless otherwise stated - Note 3)*

	Note	2001	2000
Interest income	19	298 096	251 067
Interest expense	19	(69 687)	(47 115)
Net interest income		228 409	203 952
Provision for loan impairment	7,8	(42 051)	(50 322)
Net interest income after provision for loan impairment		186 358	153 630
Gains less losses arising from trading securities		61 220	20 043
Gains less losses arising from dealing in foreign currencies		59 679	55 318
Foreign exchange translation gains less losses/(losses, net of gains)		21 565	(748)
Fee and commission income	20	44 466	23 703
Fee and commission expense	20	(14 356)	(6 623)
Other operating income		18 676	17 910
Net revenues		377 608	263 233
Operating expenses	21	(137 345)	(128 991)
Provision for impairment in value of fixed assets		-	(1 754)
Monetary loss		(119 561)	(71 148)
Profit before taxation		120 702	61 340
Taxation	22	(31 007)	(36 649)
Net profit		89 695	24 691